



Minnesota Department of Transportation

Transportation Building

395 John Ireland Boulevard
Saint Paul, Minnesota 55155-1899

September 20, 2009

The Honorable James Oberstar
U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

Dear Representative Oberstar:

Instructions from your letter to Governor Pawlenty require brief, formal written responses to questions pertaining to project selection for economically distressed areas and equitable geographic distribution of funds for projects funded with Recovery Act formula funds. We are herewith providing you Minnesota's distribution approach.

Minnesota received \$502M in ARRA highway and bridge funds distributed in the following funding programs:

**Table 1. ARRA Highway and Bridge Funds
(\$ millions)**

Surface Transportation Program	\$150.7
Urban > 200K	\$73.2
200K-5K	\$61.8
< 5K	\$15.7
STP any area (State Discretionary)	\$336.5
Enhancement	\$ 15.1
Total	\$502.3

Program Development Criteria and Process

The goal of the national economic stimulus funds is to create jobs and improve the nation's infrastructure. MnDOT developed its economic stimulus program to support these goals - creating jobs statewide and making a lasting transportation investment. Projects for ARRA funding were selected based on the following five criteria:

- **Project readiness:** How soon can projects begin, based on the status of environmental review; percent of right of way purchased; etc?
- **Consistency with performance based plans/needs:** Are projects consistent with existing programs (STIP) and plans? Do the projects have a demonstrated performance need?
- **Statewide coverage:** Projects, combined as a program, provide for the creation of jobs statewide.

- **Work type Balance:** Utilize the full capacity of Minnesota's construction industry by developing a program that represents a mix of highway, bridge, safety and capacity improvements. This ensures the best possible project prices and efficient program delivery, and as a result, the greatest job impact.
- **Project Advancement:** Projects should be advanced in order to be funded, to ensure a job creation impact. MnDOT did not fund any projects already scheduled to be awarded during FY2009.

MnDOT's Transportation Program Investment Committee committed 70% of the ARRA funds to state road and bridge projects and 30% to local road and bridge projects. Local projects received 30% of the ARRA funds or \$150M, both because that is the share of federal funds local projects typically receive in Minnesota and because it is the share of ARRA funds distributed by the STP population formula.

In late December, 2008, MnDOT asked its transportation districts and specialty offices to submit projects meeting the criteria above that could be delivered in 90 days (earliest commitment date under consideration by Congress at that time) The district and office lists of candidate projects on the state highway system were submitted in priority order.

Based on the compilation of those projects, the MnDOT economic stimulus program was developed. The program was developed drawing from District and specialty office candidate projects, using the criteria above. The Metro District ATP received 50% of state ARRA funds, since 53% of unemployment in the state is in the metropolitan area. To achieve statewide coverage, each Greater Minnesota district received a share of the remaining funds approximately proportional to the share of state construction funds received by each district.

The program of local projects funded with the ARRA funds was developed in a similar fashion. Counties and Cities were solicited for projects by MnDOT's State Aid Division. Projects were selected on the criteria identified above. Because the local program was developed for the STP population funds, projects were selected to conform with those population criteria, as well. Fifty percent of local ARRA funds were distributed to the Twin Cities MPO, as directed by the STP formula for areas over 200,000 in population. Fifty percent of the Enhancement ARRA funds were also allocated by the Twin Cities MPO.

MnDOT's Transportation Program Investment Committee approved the MnDOT ARRA program for regions outside the Twin Cities MPO. On February 25, 2009, the Governor announced those projects. In the Twin Cities Metro Area, the Metropolitan Council/Transportation Advisory Board approved all projects - state and local - receiving federal funds and amended these into their MPO Transportation Improvement Program. On June 10, 2009 the Metropolitan Council finalized and announced the economic stimulus program for the Twin Cities MPO.

The Table below shows the distribution of the total \$502M in ARRA highway and bridge funds and current authorizations of Minnesota's ARRA funding by MnDOT transportation region. Map 1 is attached showing the counties in each of MnDOT's eight transportation regions.

Table 2. Minnesota State and Local ARRA Program by Region (9/1/09)

MnDOT ATP Region	1	2	3	4	6	7	8	Metro	Total
Total Program \$ (millions)	54	25	45	23	46	28	21	256	502
Total Program Percent	11	5	9	5	9	6	4	51	100
Currently Authorized \$(millions)	47	22	43	22	46	27	20	114	342
Currently Authorized %	14	7	13	6	13	8	6	33	100

Economically Distressed Region Identification and Project Location

There are 46 counties in Minnesota that meet the federal definition of "economically distressed", all outside the Twin Cities Metropolitan area.

The economically distressed counties were identified based on criteria defined by the Economic Development Administration, U.S. Department of Commerce:

"...economic distress criteria: (i) An unemployment rate that is, for the most recent twenty-four (24) month period for which data is available, at least one (1) percent greater than the national average unemployment rate; (ii) Per capita income that is, for the most recent period for which data is available, eighty (80) percent or less of the national average per capita income." Ref: Chapter 3, 301.3a

After developing the draft ARRA program, as described above, MnDOT staff considered the impact on economically distressed counties. The counties adjacent to the economically distressed counties were also considered, since jobs in these counties may be as accessible to unemployed individuals in the distressed counties and because there is likely to be spillover economic impacts in terms of local expenditures, as well. This analysis identified thirty nine additional counties.

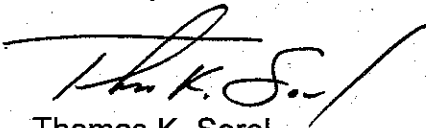
Approximately 26% of Minnesota's \$502 million in economic stimulus funds are committed in economically distressed counties. Approximately, 94% of all funds are

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committed either in economically distressed counties; or counties adjacent to economically distressed counties. As of August 31, 2009 34% of the \$342M in highway funds authorized had been obligated to projects in economically distressed areas. Map 2, attached, shows the location of the economically distressed counties and those adjacent.

Minnesota has been committed from the beginning to using ARRA funds to create jobs statewide and make a lasting improvement in the state's transportation system. I hope we have adequately addressed your questions regarding distribution of ARRA funds in Minnesota. Please contact Jon Chiglo, MnDOT ARRA Program Manager, at 651-366-4826 or jon.chiglo@dot.state.mn.us if you have additional questions.

Sincerely,



Thomas K. Sorel
Commissioner

cc: Sergius Phillips, Federal Affairs
Scott Peterson, Government Affairs
Jon Chiglo, ARRA Program Manager

Map 2

